



Highlights of the Secretary of Defense's FY15 Budget Press Conference

“These recommendations will adapt and reshape our defense enterprise so that we can continue protecting this nation’s security in an era of unprecedented uncertainty and change. As we end our combat mission in Afghanistan, this will be the first budget to fully reflect the transition DoD is making for after 13 years of war – the longest conflict in our nation’s history.

We are repositioning to focus on the strategic challenges and opportunities that will define our future: new technologies, new centers of power, **and a world that is growing more volatile, more unpredictable, and in some instances more threatening to the United States.**

The choices ahead will define our defense institutions for the years to come.” Secretary Hagel, February 24, 2014

- Release of the President’s Budget is set for March 4th
- The Secretary of Defense and General Dempsey will testify before HASC on the FY15 Budget on March 6th.
- This does not address sequestration after 2016. Assumes sequestration goes away.
- The cuts assume the United States no longer becomes involved in large, prolonged stability operations overseas on the scale of Iraq and Afghanistan.
- Under a Pentagon budget that will shrink by more than \$75 billion over the next two years -- with deeper cuts expected if sequestration returns in fiscal year 2016 – Secretary Hagel and other senior defense and military officials acknowledged that some of the budget choices will create additional risks in certain areas.
- Active Duty end strength numbers:
 - Army – Drawing down from 552,000 in 2013 to 440,000. For reference, the Army’s end strength was 481,000 before September 11, 2001.
 - Marine Corps – Drawing down from 197,000 in 2013 to 182,000. For reference, the USMC’s end strength was 173,000 before September 11, 2001.
- The budget request calls for special operations forces to grow by nearly 4,000 personnel, bringing the total to 69,700, a reflection of the asymmetrical threats the nation is likely to face in the future.
- The Army will cancel the Ground Combat Vehicle program
- The Navy would be able to maintain 11 carrier strike groups, but any steep future cuts could require mothballing the aircraft carrier USS George Washington
- Half of the Navy’s cruiser fleet, 11 ships, will be placed in reduced operating status while they are modernized and given a longer lifespan
- The Navy will continue buying two destroyers and attack submarines per year
- An additional 900 Marines will be devoted to securing U.S. embassies
- Air Force will retire all of the A-10s
- Air Force will retire all of the U-2s and replace them with the Global Hawk
- Navy is stopping production of the LCS at 32 ships, down from a planned 52 ship.
- The Defense Department is asking Congress for another round of base closings and realignments (BRAC) in 2017.

None of this is a surprise to anyone on the House Armed Services Committee, we have seen these cuts coming for years and we have been constantly sounding the alarm on the dangers of continued defense cuts and sequestration. Some of these cuts are natural after 13 years of ground combat, but **continued sequestration after 2016 will hollow our force and cripple our military readiness.** This budget proposal is packed with assumptions and risks. Our budget cannot drive our strategy.

Secretary Hagel's closing remarks yesterday:

"We should be clear about these risks.

Over the near-term, because of budget limitations even under the Bipartisan Budget Act, the military will continue to experience gaps in training and maintenance – putting stress on the force and diminishing our global readiness even as we sustain a heightened alert posture in regions like the Middle East and North Africa. The additional \$26 billion provided to DoD by the President's Opportunity, Growth and Security Fund would allow us to continue to restore and sustain readiness – helping to mitigate this risk.

We also face the risk of uncertainty in a dynamic and increasingly dangerous security environment. Budget reductions inevitably reduce the military's margin of error in dealing with these risks, as other powers are continuing to modernize their weapons portfolios, to include anti-air and anti-ship systems. And a smaller force strains our ability to simultaneously respond to multiple major contingencies. But with the President's budget our military will still be able to defeat any aggressor.

We can manage these anticipated risks under the President's budget plan, but they would grow significantly if sequester-level cuts return in Fiscal Year 2016, if our reforms are not accepted, or if uncertainty on budget levels continue. As I've made clear, the scale and timeline of continued sequestration-level cuts would require greater reductions in the military's size, reach and margin of technological superiority. Under sequestration spending levels, we would be gambling that our military will not be required to respond to multiple major contingencies at the same time.

That's why our recommendations beyond Fiscal Year 2015 provide a realistic alternative to sequestration-level cuts, sustaining adequate readiness and modernization most relevant to strategic priorities over the long-term. But this can only be achieved by the strategic balance of reforms and reductions the President and I will present to the Congress next week. This will require the Congress to partner with the Department of Defense in making politically difficult choices – which I will address more specifically when I testify before Congress.

As I weighed these recommendations, I have, as I often do, looked to the pages of American history for guidance. In doing so, an admonition by Henry Stimson stood out. Writing after World War II, Roosevelt's Secretary of War during that time, said that Americans must "act in the world as it is, and not in the world as we wish it were."

Stimson knew that America's security at home depended on sustaining our commitments abroad and investing in a strong national defense. He was a realist. This is a time for reality. This is a budget that recognizes the reality of the magnitude of our fiscal challenges, the dangerous world we live in, and the American military's unique and indispensable role in the security of this country and in today's volatile world. There are difficult decisions ahead. That is the reality we're living with.

But with this reality comes opportunity. The opportunity to reshape our defense enterprise to be better prepared, positioned and equipped to secure America's interests in the years ahead. All of DoD's leaders, these men and women sitting here today, and I have every confidence that this will be accomplished." – Secretary Hagel February 24, 2014.

The reality is we cannot keep going back to the DoD to cut spending. We cannot ask our men and women in uniform to balance our budget; it is time to address the real drivers of our debt.